

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 /099 W

----- 105170

R 271346Z AUG 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 8243

USDEL MTN GENEVA

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

LIMITED OFFICIAL USE SECTION 1 OF 2 PORT OF SPAIN 2172

E.O. 11652: N/A

TAGS: ETRD, TD

SUBJ: MTN COUNTRY PROFILES - TRINIDAD AND TOBAGO

REF: A) STATE 181868; B) GEORGETOWN 1357

SUMMARY:

TRINIDAD'S FOREIGN ECONOMIC AND FOREIGN TRADE POLICIES ARE NOT WELL-DEFINED, AND HAVE NOT BEEN SERIOUSLY REFORMULATED IN THE EIGHTEEN MONTHS SINCE TRINIDAD BEGAN ACCUMULATING FOREIGN RESERVES DUE TO ITS POSITION AS A (TINY) OIL EXPORTER. TRINIDAD'S FOREIGN ECONOMIC POLITY IS AIMED AT SECURING FINANCING (AND INVESTOR PARTNERS) FOR AN ENERGY-BASED INDUSTRIALIZATION PROGRAM, AND WE BELIEVE THAT TRADE ISSUES AND THE MTN ARE NOT PARTICULARLY IMPORTANT TO THE GOVERNMENT OF TRINIDAD AND TOBAGO (GOTT). ON MOST

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ECONOMIC AND TRADE ISSUES, THE GOTT, AS A MATTER OF ROEIGN

POLITICAL POLICY, GOES ALONG WITH THE PREVAILING THIRD WORLD POSITION; LIKEWISE, THERE IS A HIGH-LEVEL POLITICAL COMMITMENT TO REGIONAL, ECONOMIC INTEGRATION AS REPRESENTED BY THE CARIBBEAN COMMUNITY (CARICOM). SHOULD ISSUES ARISE OF PARAMOUNT IMPORTANCE TO TRINIDAD, HOWEVER, THE GOTT WOULD PROBABLY ADOPT A PRAGMATIC APPROACH AND SEEK BILATERAL NEGOTIATIONS (IF APPLICABLE), EVEN IF THIS MEANT A TEMPORARY BREAK WITH A THIRD WORLD OR (LESS LIKELY) A JOINT CARICOM POSITION. END SUMMARY.

1. FOR PART TWO OF COUNTRY PROFILE:

TRINIDAD AND TOBAGO IS A SMALL DEVELOPING COUNTRY COMMITTED TO THE USUAL GOALS OF ECONOMIC GROWTH AND MORE EQUITABLE DISTRIBUTION OF INCOME. FOLLOWING INDEPENDENCE FROM THE BRITISH IN 1962, IT HAS DRAFTED TWO FIVE-YEAR DEVELOPMENT PLANS WHICH EMPHASIZED ECONOMIC DIVERSIFICATION, EMPLOYMENT CREATION, IMPORT SUBSTITUTION, MAXIMUM LOCAL UTILIZATION OR PROCESSING OF IMPORTANT RAW MATERIALS (CRUDE OIL AND NATURAL GAS), ATTAINMENT OF LOCAL CONTROL OVER ALL SECTORS OF THE ECONOMY, AND THE ESTABLISHMENT AND STRENGTHENING OF A REGIONAL ECONOMIC INTEGRATION SYSTEM. THIRTEEN YEARS LATER, FEW OF THE TARGETS OF THE LATEST (1969-73) DEVELOPMENT PLAN HAVE BEEN MET, BUT THESE GOALS ARE STILL GENERAL GOTT OBJECTIVES. IDEOLOGICALLY, THE GOTT HAS FOLLOWED BASICALLY CONSERVATIVE FISCAL AND MONETARY POLICIES, BLENDED WITH A LARGE DOSE OF LSE-STYLE SOCIALISM EXEMPLIFIED BY THE MAJOR ROLE THE GOTT PLAYS IN THE ECONOMY, A ROLE WHICH IT IS DELIBERATELY INCREASING.

2. TRINIDAD'S BASIC EXPORTS ARE PETROLEUM AND SUGAR; ITS PRINCIPAL IMPORTS ARE FOODSTUFFS, MACHINERY AND EQUIPMENT, AND CONSUMER ITEMS. SINCE THE COUNTRY IS A VERY MINOR PRODUCER OF BOTH PETROLEUM AND SUGAR ON THE WORLD SCALE, IT FOLLOWS PRICES SET BY PRODUCERS (OPEC) OR CONSUMERS (COMMONWEALTH SUGAR AGREEMENT, LOME CONVENTION, ETC.) AND IS NOT A MAJOR FACTOR IN THE NEGOTIATING PROCESS. ON THE IMPORT SIDE, TRINIDAD HAS A HIGHLY PROTECTIVE POLICY FOR CERTAIN MANUFACTURING, PROCESSING OR ASSEMBLY INDUSTRIES, BUT OTHERWISE HAS LIMITED OFFICIAL USE

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FEW IMPORT RESTRICTIONS, SINCE THE COUNTRY IS SELF-SUFFICIENT IN PRACTICALLY NOTHING. AS A RESULT, THERE HAS BEEN LITTLE IMPETUS FOR TRINIDAD TO DEVELOP A SPECIALIZED FOREIGN TRADE POLICY DESIGNED TO PROTECT ITS OWN INTERESTS, AND IT INSTEAD, FOR POLITICAL REASONS, USUALLY SUPPORTS "THIRD WORLD" POLICIES, ESPECIALLY THOSE DESIGNED TO "DEFEND" THE INTERESTS OF RAW MATERIALS PRODUCERS.

3. IN NOVEMBER 1973, TRINIDAD'S FOREIGN EXCHANGE RESERVES HAD DROPPED TO ABOUT \$25 MILLION, OR LESS THAN EIGHT WEEKS' IMPORTS. DUE ALMOST ENTIRELY TO "WINDFALL" OIL REVENUES, HOWEVER, RESERVES NOW STAND AT OVER \$500 MILLION, A 20-FOLD INCREASE IN ABOUT 18 MONTHS, BUT THE GOVT HAS FAILED TO FORMULATE A DOMESTIC ECONOMIC POLICY TO DEAL WITH THIS NEW-FOUND WEALTH. INSTEAD, TRINIDAD IS EMBARKING UPON AN AMBITIOUS ENERGY-RELATED INDUSTRIALIZATION PLAN, WHICH CALLS FOR THE GOVT AND FOREIGN INVESTORS TO PARTICIPATE IN CAPITAL-INTENSIVE JOINT VENTURES PRODUCING FERTILIZER, PETROCHEMICAL PRODUCTS, STEEL AND OTHER ITEMS, ALMOST SOLELY FOR EXPORT. THE GOVT'S FOREIGN ECONOMIC POLICY IS THEREFORE PRIMARILY CONCENTRATED ON GENERATING RESOURCES TO FINANCE THIS TYPE OF DEVELOPMENT (AND SECONDARILY ON OBTAINING SOME SORT OF MEANINGFUL TRANSFER OF TECHNOLOGY). MARKETING CONCERNS ARE GENERALLY LEFT TO THE FOREIGN PARTNER, AND THUS TRADE POLICY HAS LARGELY BEEN IGNORED. THE PRODUCTS PLANNED FOR EXPORT UNDER THIS INDUSTRIAL DEVELOPMENT PROGRAM ARE NOW LARGELY IN SHORT SUPPLY, AND THERE IS NO SIGN THAT THE GOVT HAS THOUGHT THAT SOME DAY THE REVERSE SITUATION MIGHT OBTAIN AND IT WOULD NEED TO NEGOTIATE ACCESS FOR ITS PRODUCTS IN FOREIGN MARKETS.

4. IF AND WHEN GOVT POLICY MAKERS PERCEIVE TRINIDAD AS A POTENTIAL EXPORTER OF A VARIETY OF INTERMEDIATE INDUSTRIAL PRODUCTS (FERTILIZERS, PETROCHEMICALS, STEEL BILLETS, ETC.). THEY MAY ATTEMPT TO FORMULATE A TRADE STRATEGY TO PROTECT EXPORT MARKETS. AT THE MOMENT, HOWEVER, THE EMBASSY DOES NOT BELIEVE THAT THE GOVT ATTACHES GREAT IMPORTANCE TO MTN, NOR HAS IT FORMULATED ANY SPECIFIC OBJECTIVES.

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GOVT'S GENERAL OBJECTIVES IN MTN WILL DOUBTLESS INCLUDE IMPROVED ACCESS TO DEVELOPED-NATION MARKETS, WITH SPECIAL REFERENCE TO PRESENT EXPORTS NOW FACING SIGNIFICANT BARRIERS (E.G., RUM, GARMENTS) AND POTENTIAL EXPORTS (SHOES, ASSEMBLED ELECTRONIC ITEMS, ETC.).

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STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 /099 W

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R 271346Z AUG 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 8244

USDEL MTN GENEVA

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

SUESKN/AMEMBASSY KINGSTON 1121

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5. FOR ITEM THREE OF PROFILE:

A) GENERAL TARIFF POLICY REMAINS MUCH THE SAME AS IT WAS IN COLONIAL DAYS; I.E., TO PRODUCE REVENUE AND TO PROVIDE PROTECTED MARKET FOR MOTHER COUNTRY. THE LAST VESTIGES OF THE LATTER ASPECT--REVERSE PREFERENCES--ARE EXPECTED TO BE ELIMINATED SOON (SEE PORT OF SPAIN A-54, JUNE 26, 1975, FOR DISCUSSION OF COMMONWEALTH PREFERENCES). AS POINTED OUT IN THAT AIRGRAM, CUSTOMS RECEIPTS (WHICH AS RECENTLY AS 1973 PROVIDED OVER ONE-QUARTER OF ALL GOTT TAX REVENUE) HAVE DECLINED IN IMPORTANCE DUE TO A PROLIFERATION OF EXEMPTIONS (PIONEER INDUSTRIES, ETC.) FROM OIL COMPANIES. NONETHELESS, RATES OF DUTY HAVE RARELY BEEN LOWERED, AND HIGH RATES STILL PREVAIL ON AMNY ITEMS CONSIDERED EITHER LUXURIOUS OR UNNECESSARY IN COLONIAL DAYS.

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B) GENERAL NTB POLICY IS DESIGNED TO PROTECT LOCAL INDUSTRY (THE "NEGATIVE LIST" OF GOODS WHICH CANNOT BE

IMPORTED WITHOUT A PRIOR IMPORT LICENSE, WHICH IS USUALLY NOT ISSUED IF THE SAME OR A SIMILAR PRODUCT IS MANUFACTURED, ASSEMBLED, PACKAGED, OR OTHERWISE PRODUCED LOCALLY) OR TO PROMOTE REGIONAL ECONOMIC INTEGRATION (AGRICULTURAL MARKETING PROTOCOLS, ETC.). QUOTA RESTRICTIONS AND MAXIMUM PRICE CONTROLS ALSO AFFECT AGRICULTURAL IMPORTS. THE DISCUSSION OF TRINIDAD NTB'S IN PORT OF SPAIN A-54, JULY 4, 1974, IS STILL CURRENT AND APPLICABLE.

C) THERE IS A HIGH LEVEL POLITICAL COMMITMENT IN TRINIDAD TO REGIONAL ECONOMIC INTEGRATION, BUT, AS NOTED IN REF (B), CARICOM MEMBERS HAVE FOUND IT DIFFICULT TO AGREE ON THE IMPLEMENTATION OF FURTHER STEPS IN THE INTEGRATION PROCESS. THE U.S. IS TRINIDAD'S LARGEST TRADING PARTNER, AND THE GOTT WATCHES CLOSELY U.S. ACTIONS WHICH AFFECT ITS MAJOR EXPORTS (OIL IMPORT LEVIES, SUGAR LEGISLATION, ETC.).

D) NO MONETARY POLICY MEASURES HAVE BEEN UNDERTAKEN FOR BALANCE OF TRADE REASONS, DUE TO THE COUNTRY'S FAVORABLE FOREIGN EXCHANGE POSITION.

E) NO MEASURES HAVE BEEN TAKEN DEALING WITH ACCESS TO SUPPLY.

6. FOR ANNEX A:

KEY FIGURES IN TRADE POLICY FORMULATION ARE PRIME MINISTER ERIC WILLIAMS AND MINISTER OF INDUSTRY AND COMMERCE ERROL MAHABIR. MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS CUTHBERT JOSEPH USUALLY REPRESENTS GOTT AT IMPORTANT TRADE MEETINGS (SUCH AS ACP NEGOTIATIONS) AND IS VERY WELL INFORMED ABOUT TRADE ISSUES AND PROBABLY CONTRIBUTES SOME POLICY-ORIENTED INPUTS. MAHABIR IS ADVISED ON TRADE ISSUES BY A LOOSELY-ORGANIZED COMMITTEE OF CIVIL SERVANTS, MOSTLY DRAWN FROM HIS OWN MINISTRY. SOME OF THEM HAVE HAD EXPERIENCE WITH UNCTAD, THE UN'S ECONOMIC COMMISSION FOR LATIN AMERICA (ECLA), AND VARIOUS EXPORT PROMOTION ORGANIZATIONS. THE CHAMBER OF COMMERCE AND OTHER ORGANIZATIONS FREQUENTLY ISSUE STATEMENTS ABOUT TRADE POLICY AND DO LOBBY THE GOTT ON SPECIFIC LIMITED OFFICIAL USE

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ISSUES, BUT DO NOT EXERT MUCH INFLUENCE ON OVERALL POLICY FORMULATION. INDUSTRY ORGANIZATIONS (SUCH AS GARMENT MANUFACTURERS) ALSO LOBBY ON SPECIFIC ISSUES, AND SOMETIMES (BY THREATENING TO CLOSE DOWN AND PUT PEOPLE OUT OF WORK) ARE SOMEWHAT MORE SUCCESSFUL IN WINNING GOTT TO THEIR POINT OF VIEW.

7. FOR ANNEX B:

IN PORT OF SPAIN, IN ADDITION TO PRIME MINISTER AND

OTHER MINISTERS MENTIONED ABOVE, INDUSTRY AND COMMERCE  
MINISTER MAHABIR'S PERMANENT SECREGARY (MORTLEY DE PEAZA)  
AND TWO SPECIAL ADVISERS (CECIL WYKE AND GEORGE RAMPERSAD)  
ARE THE KEY PERSONNEL ON TRADE POLICY. IN GENEVA, WE  
UNDERSTAND THAT LIVINGSTON CUMBERBATCH IS TRINIDAD'S  
REPRESENTATIVE FOR TRADE ISSUES, OCCASIONALLY ASSISTED  
BY CHARGE D'AFFAIRES BARRY AUGUSTE.

8. WITH REGARD TO CARICOM AND MTN, GOTT OFFICIALS CON-  
TINUE TO TELL US THAT THEY CONSULT WITH CARICOM COLLEAGUES  
ON ALL TRADE MATTERS VIS-A-VIS THIRD COUNTRIES. SINCE  
TRINIDAD, JAMAICA AND GUYANA WILL EACH HAVE REPRESENTA-  
TIVES AT MTN, HOWEVER, EMBASSY CONCURS WITH REF (B) THAT  
ANY ROLE PLAYED BY CARICOM SECRETARIAT WILL BE LARGELY  
ADVISORY, AND WE DOUBT THAT EFFORT WILL BE MADE TO DEVELOP  
JOINT CARICOM POSITION ON MTN ISSUES.  
RICH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, FOREIGN TRADE, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition Event:**  
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**Review Authority:** CunninFX  
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**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 JUN 2003 by CunninFX>; APPROVED <07 NOV 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MTN COUNTRY PROFILES - TRINIDAD AND TOBAGO  
**TAGS:** ETRD, TD  
**To:** STATE MTN GENEVA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006